1990-91

Public Accounts Digest

FOR THE FISCAL YEAR ENDED MARCH 31, 1991

PROVINCE OF BRITISH COLUMBIA

MINISTRY OF FINANCE AND CORPORATE RELATIONS

HON. GLEN CLARK
Minister of Finance and Corporate Relations

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Message from the Minister

The Public Accounts Digest summarizes significant information from the 1990/91 Public Accounts in a less technical fashion so it can be more easily understood. The information in this digest is taken from operating statements of the government and does not include Crown corporations.

I am confident that this sixth digest continues to serve as an important link in the chain of accountability between the government and all British Columbians.

Glen Clark
Minister of Finance
and Corporate Relations

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INTRODUCTION

This digest highlights and summarizes in a less technical format some of the important financial information provided in the Public Accounts. The Public Accounts, published in two volumes, contains the government's audited financial statements, together with supporting schedules; a list of payments to elected officials, employees, suppliers and grant recipients; financial statements of Crown corporations and agencies, and the auditor's reports.

The Public Accounts provide the "accountability" link between what the Legislative Assembly has approved for spending through the *Supply Act* at the beginning of the fiscal year and what was actually spent throughout the fiscal year. The Public Accounts communicates the results of the government's financial operations for the fiscal year to the Legislative Assembly and to the general public.

The Digest begins with an overview of the financial process which illustrates the principal stages of planning, implementation, evaluation and accountability. The following sections summarize and highlight revenue, expenditure and public debt. A summary of significant accounting policies and financial statements is provided in the appendices.

We hope you find the Digest both interesting and informative. You may purchase the Public Accounts and the Digest from:

Crown Publications Inc.,
546 Yates Street,
Victoria, British Columbia
V8W 1K8
Telephone: (604) 386-4636
Fax Line: (604) 386-0221

Overview of Financial Process

The financial process consists of four main stages.

1. Planning

Each ministry first identifies activities that require funding and submits this proposed budget to Treasury Board or its designate which then reviews the submissions and makes decisions on individual ministry budgets. Allocations to each ministry and program are arrived at in conjunction with revenue expectations and in harmony with the government's priorities.

2. Implementation

The Budget presented to the Legislative Assembly by the Minister of Finance and Corporate Relations is accompanied by the Estimates, a document, sometimes referred to as the "Blue Book", that contains a list of estimates of revenue and spending programs, supplementary tables and statistical material. Spending for programs and services under each ministry is grouped in the Estimates into packages or "votes." They are called votes because Members of the Legislative Assembly debate and then vote on each package.

Money is spent on government programs and services throughout the year as specified by the Budget. Records are maintained of how the money was spent and the government's financial activities are closely monitored by Treasury Board.

3. Evaluation

At the end of the financial year the Public Accounts are prepared by the Comptroller General providing detailed results of the government's financial operations. The Public Accounts are then audited by the Auditor General to ensure the financial statements present fairly the government's financial position.

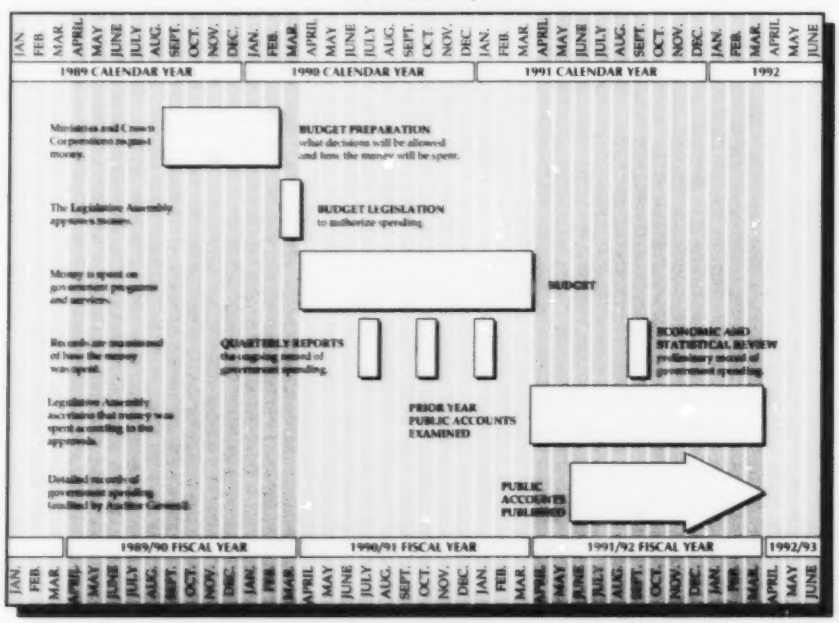
4. Accountability

The Public Accounts are published and presented to the Legislative Assembly where they are examined to ensure government spending for the year was in accordance with what was approved for spending at the beginning of the year. The Public Accounts are also made available to the general public.

The financial cycle

The chart below provides a visual picture of the financial cycle.

The Financial Cycle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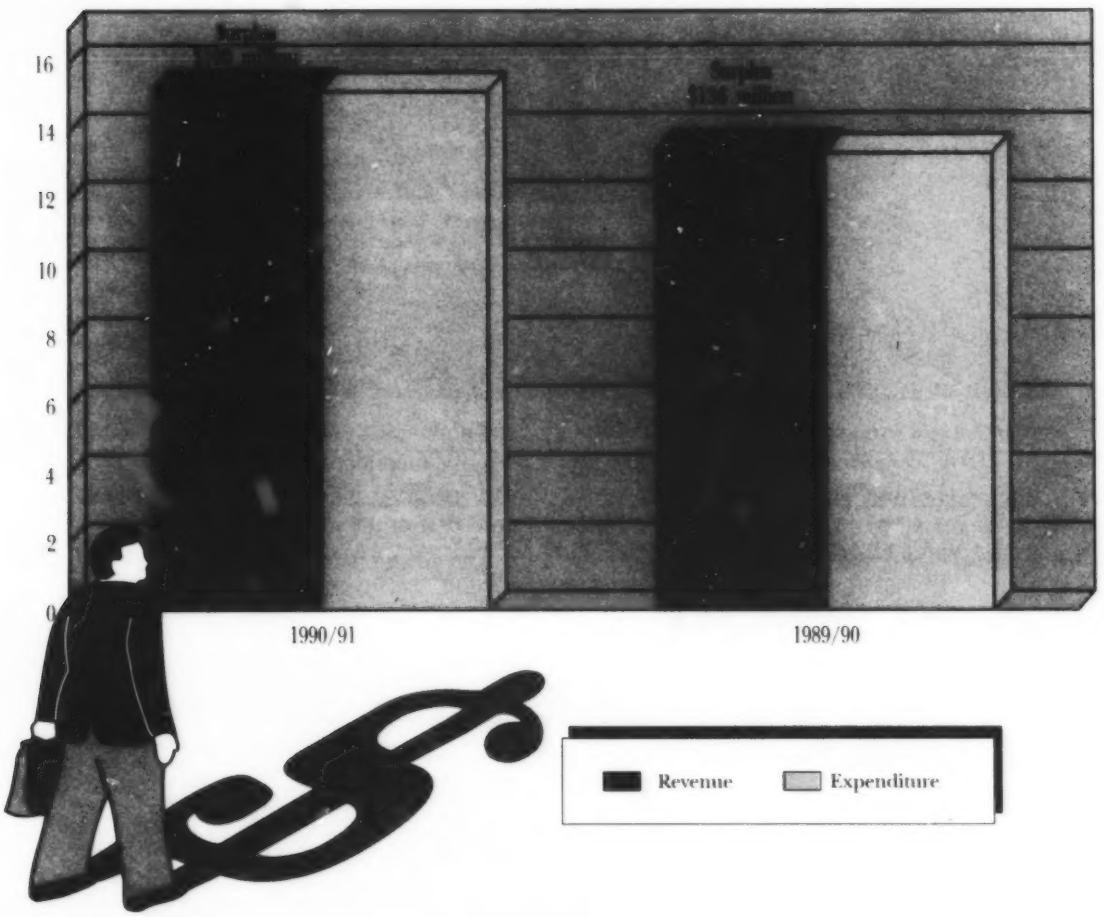
1989 CALENDAR YEAR
1990 CALENDAR YEAR
1991 CALENDAR YEAR
1992
BUDGET PREPARATION
what decisions will be allowed and how the money will be spent.
BUDGET LEGISLATION
to authorize spending
BUDGET
QUARTERLY REPORTS
ECONOMIC AND STATISTICAL REVIEW
PRIOR YEAR PUBLIC ACCOUNTS EXAMINED
PUBLIC ACCOUNTS PUBLISHED
1989/90 FISCAL YEAR
1990/91 FISCAL YEAR
1991/92 FISCAL YEAR
1992/93

NET REVENUE AND EXPENDITURE

Financial Highlights (In Billions)

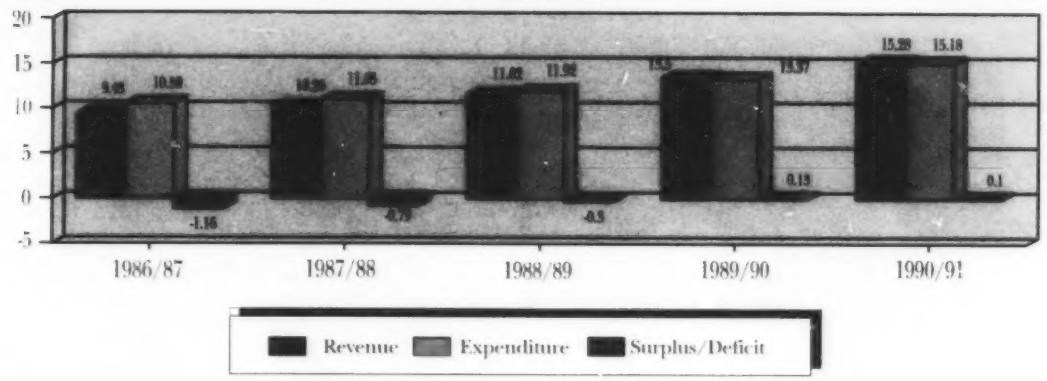


The General Fund had a surplus of $100 million for fiscal 1990/91. Net revenue of $15,281 million was an increase of 13 percent over the previous fiscal year after a net transfer of $926 million from the Budget Stabilization Fund and an $22 million transfer to the Privatization Benefits Fund. Operating expenditures were $15,181 million, 14 percent higher than the previous year.

The excess of revenue over expenditure (surplus) for 1990/91, when subtracted from previous years' accumulated deficits, gives a remaining excess of liabilities over recorded financial assets of $4.6 billion or $1,428 per person (provincial population of 3,213,200).

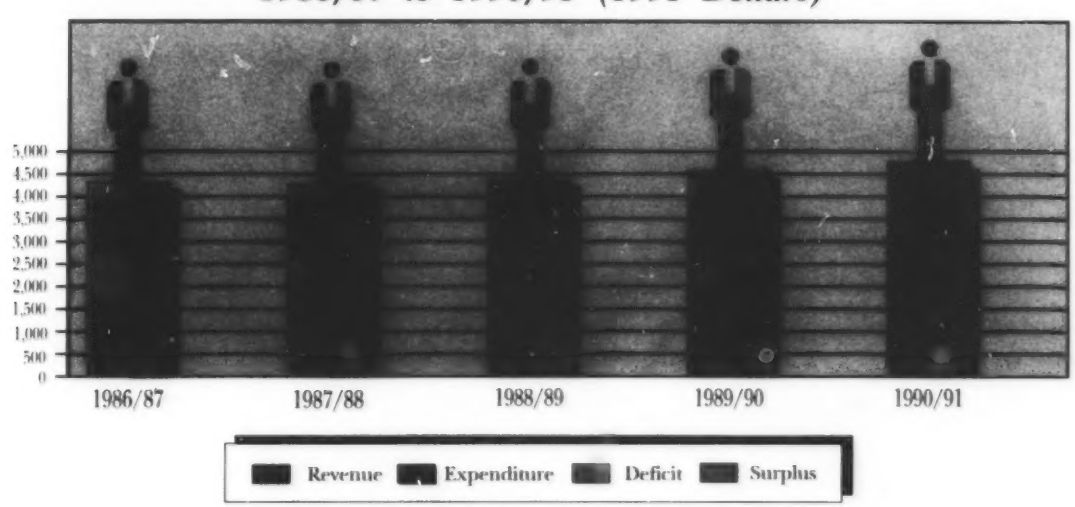
NET REVENUE AND EXPENDITURE

Net Financial Results 1986/87 to 1990/91 (In Billions)



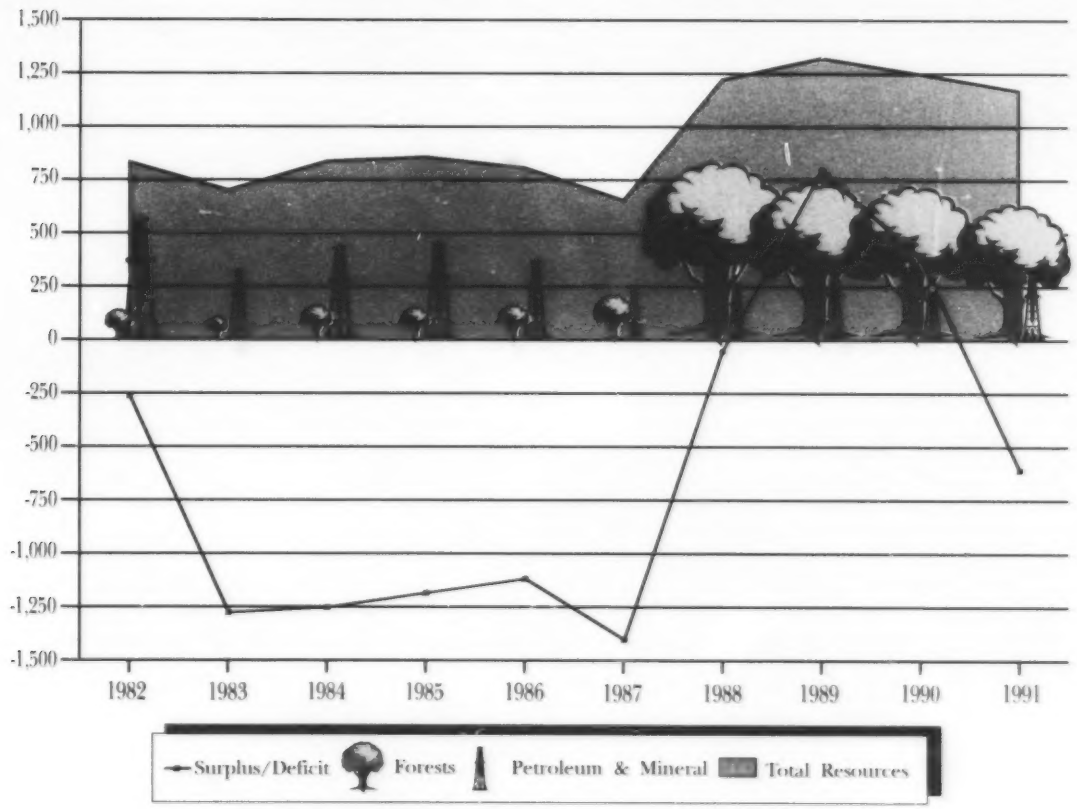
Provincial government general fund revenue increased by 62 percent from $9.43 billion in 1986/87 to $15.28 billion in 1990/91. Spending over the same period has increased by 42 percent from $10.71 billion to $15.18 billion. When the effects of inflation and population growth are taken into consideration, revenue increased by $929 per capita or 24 percent and spending increased by $427 per capita or 10 percent over the same period.

Per Capita General Fund Operating Results 1986/87 to 1990/91 (1991 Dollars)



REVENUE

Natural Resource Revenue vs Surplus/Deficit for 1982-1991 (In Thousands—1991 Dollars)



*Surplus/Deficit based on Consolidated Revenue Fund Statements

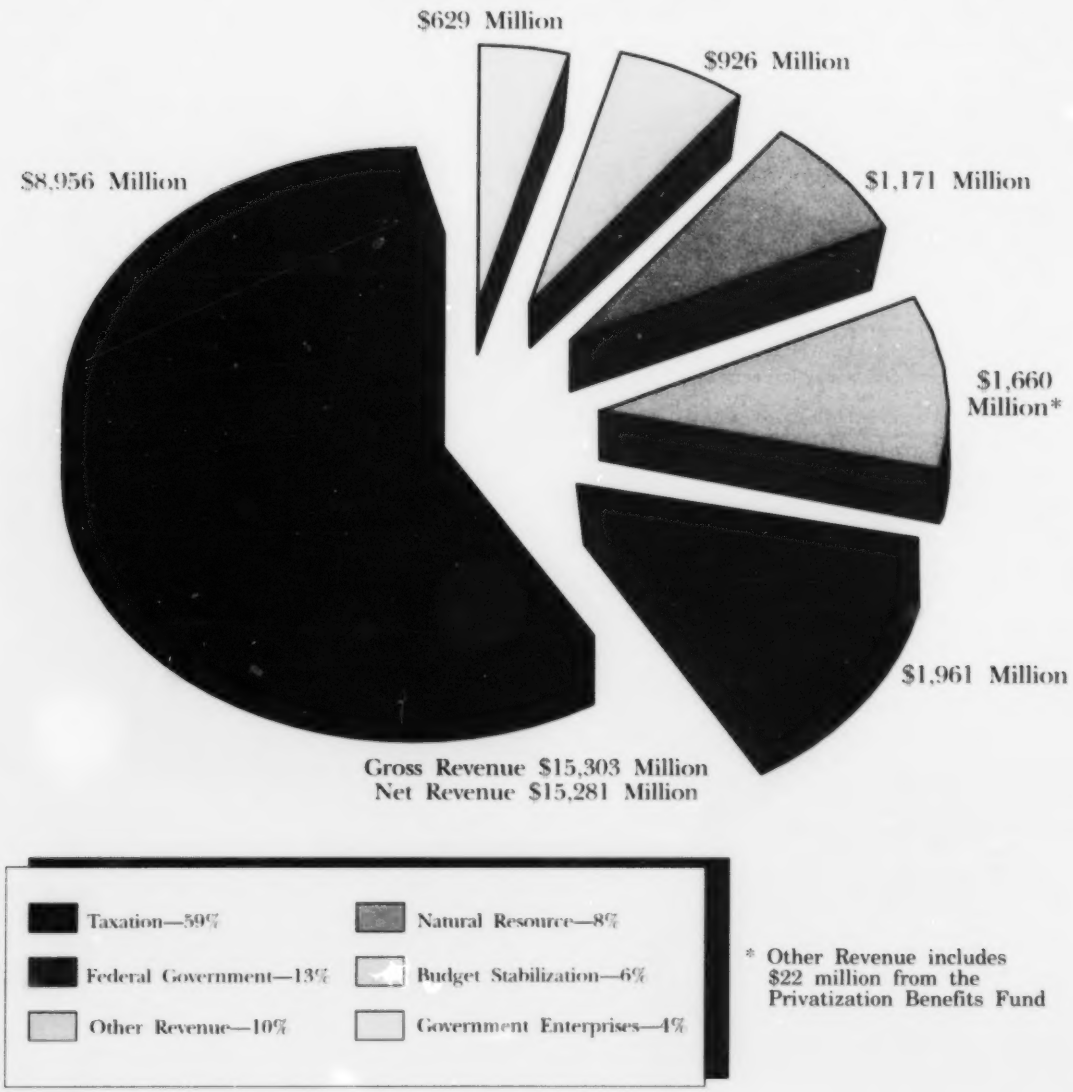
Natural Resource Revenue vs Surplus/Deficit for 1982–1991

The cyclical nature of British Columbia's resource based economy makes budget planning difficult. The relationship between the natural resource revenue cycle and the province's surplus/deficit is graphically illustrated below.

The Budget Stabilization Fund was introduced in 1987/88 to cushion the province's finances from the cyclical nature of government revenue. In years of strong revenue growth, like 1987/88 and 1988/89, transfers were made to the Budget Stabilization Fund. In years of weak revenue growth, transfers are made from the Fund to the General Fund. In 1990/91, a $926 million transfer from the Budget Stabilization Fund to the General Fund was made. Appendix 3 provides details on budgeted and actual revenue by source.

REVENUE

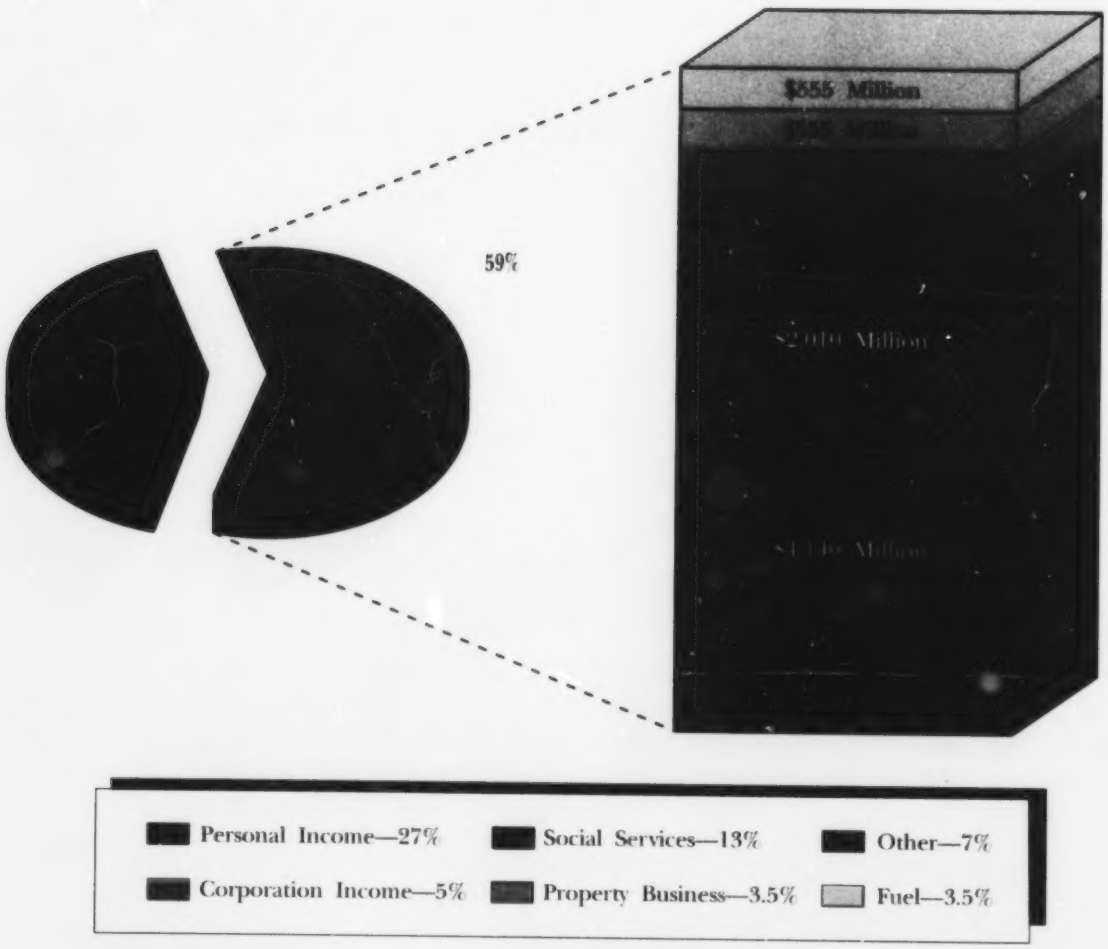
Revenue Sources 1990/91



General Fund revenue showed significant growth for the third consecutive year due to a continuing strong economy in British Columbia. Net revenue increased by $1,778 million over the prior year.

REVENUE

Taxation Revenue
$8,956 Million



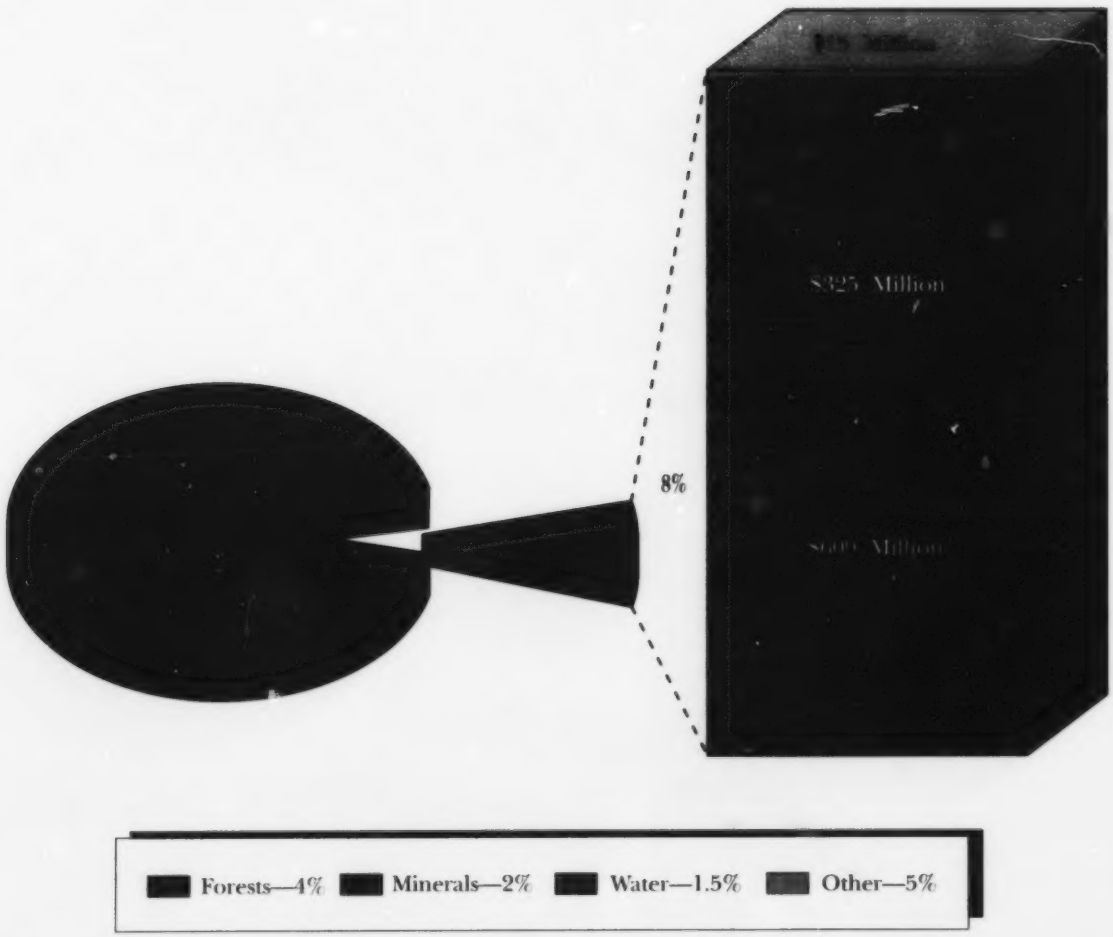
Taxation Revenue

Taxation revenue of $8,956 million was $987 million higher than during 1989/90. This revenue increase resulted from strong personal income growth (personal income tax) and strong consumer and investment spending (social service tax).

After taking into account the effects of inflation and population growth, total per capita taxes have increased by $615 over the period 1986/87 to 1990/91 and per capita personal income taxes have increased by $376 over the same period.

REVENUE

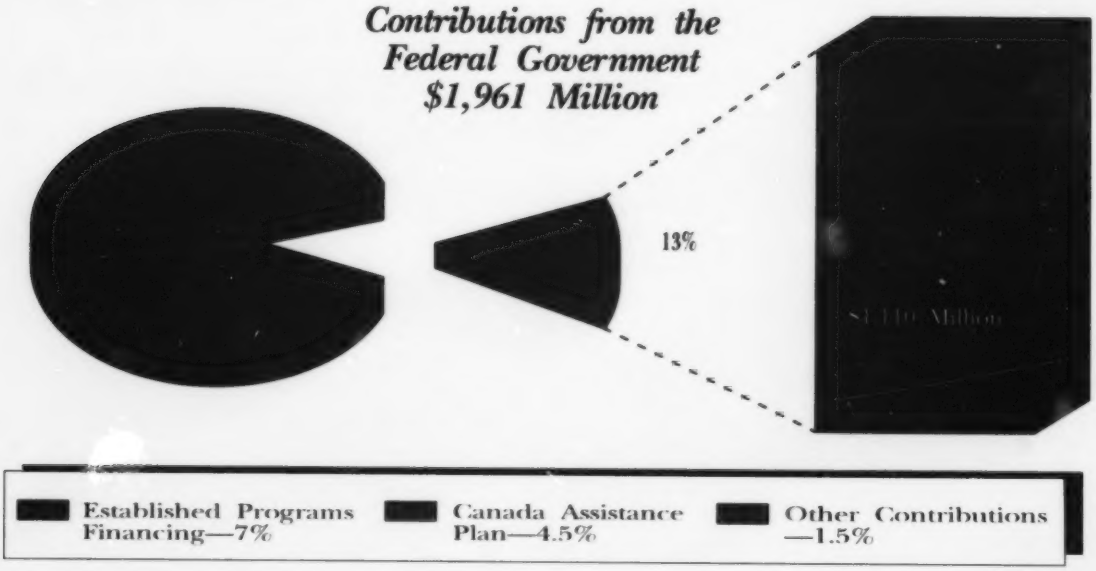
Natural Resource Revenue
$1,171 Million



Natural Resource Revenue

Natural resource revenue of $1,171 million was $78 million less than last year. This decrease was primarily due to lower revenues from water and forest resources, but partially offset by increases in revenues from petroleum and natural gas revenue.

REVENUE



Contributions from the Federal Government

Contributions from the federal government of $1,961 million were $140 million lower than the previous year. Established Programs include payments for post–secondary education and health care purposes. Canada Assistance Plan payments are received for cost–shared expenditure made by the provincial government for social assistance and welfare services. The other contributions are received under cost sharing agreements, primarily for manpower training and economic development.

Contributions from Government Enterprises

Contributions from government enterprises of $629 million were $97 million higher than the previous year. The primary sources of this increase were a $27 million increase in amounts received from British Columbia Liquor Distribution Branch, a $21 million increase in amounts received from British Columbia Building Corporation and a $20 million increase in revenue from British Columbia Petroleum Corporation.

Privatization Transactions

Net proceeds of $22 million were received from the government's privatization initiative. This included $12 million from the sale and lease of highway maintenance assets.

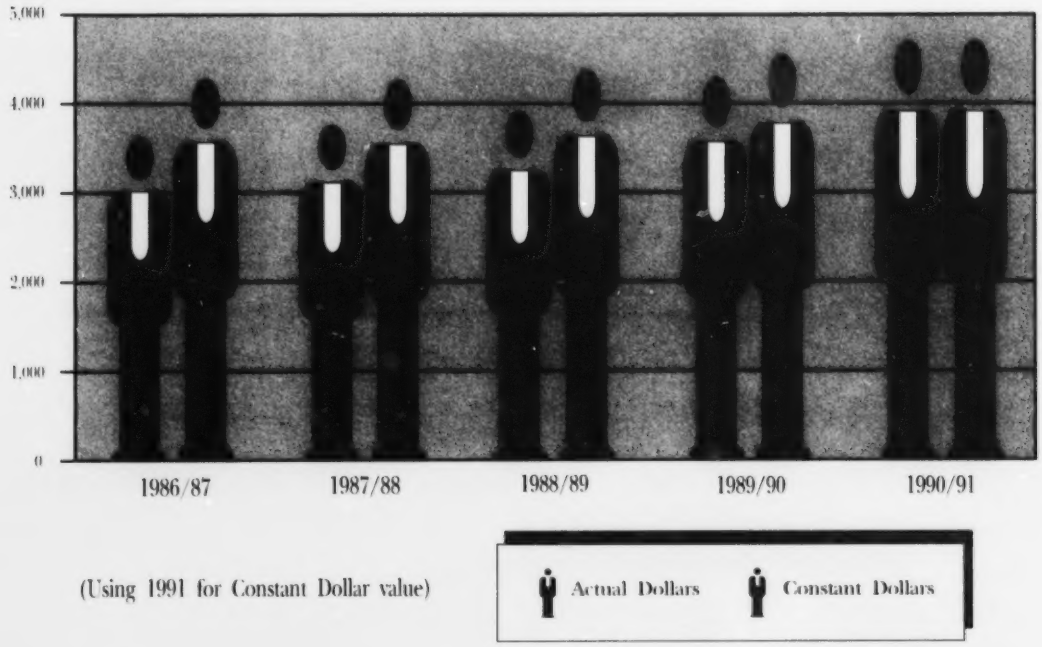
Other Revenue

Other revenue of $1,638 million was $38 million more than 1989/90. A $23 million increase in fees and licence revenue and $73 million increase in miscellaneous revenue was partially offset by a $58 million decrease in investment earnings. Approximately $50 million of the increase in miscellaneous income was due to transfer of social housing project assets to the Provincial Rental Housing Corporation.

EXPENDITURE

Provincial government spending of $15,181 million during 1990/91 was $79 million less than the original budget estimate and was an increase of 14 per cent from the previous year.

General Fund Expenditure per Capita



General Fund Expenditure per Capita

When the government's spending for the past five years is related to each individual within the province and the decreased spending power of the dollar is allowed for, government spending has increased by $427 per capita over the past five years. In actual dollars the increase was $1,103 per individual.

Total General Fund Expenditure

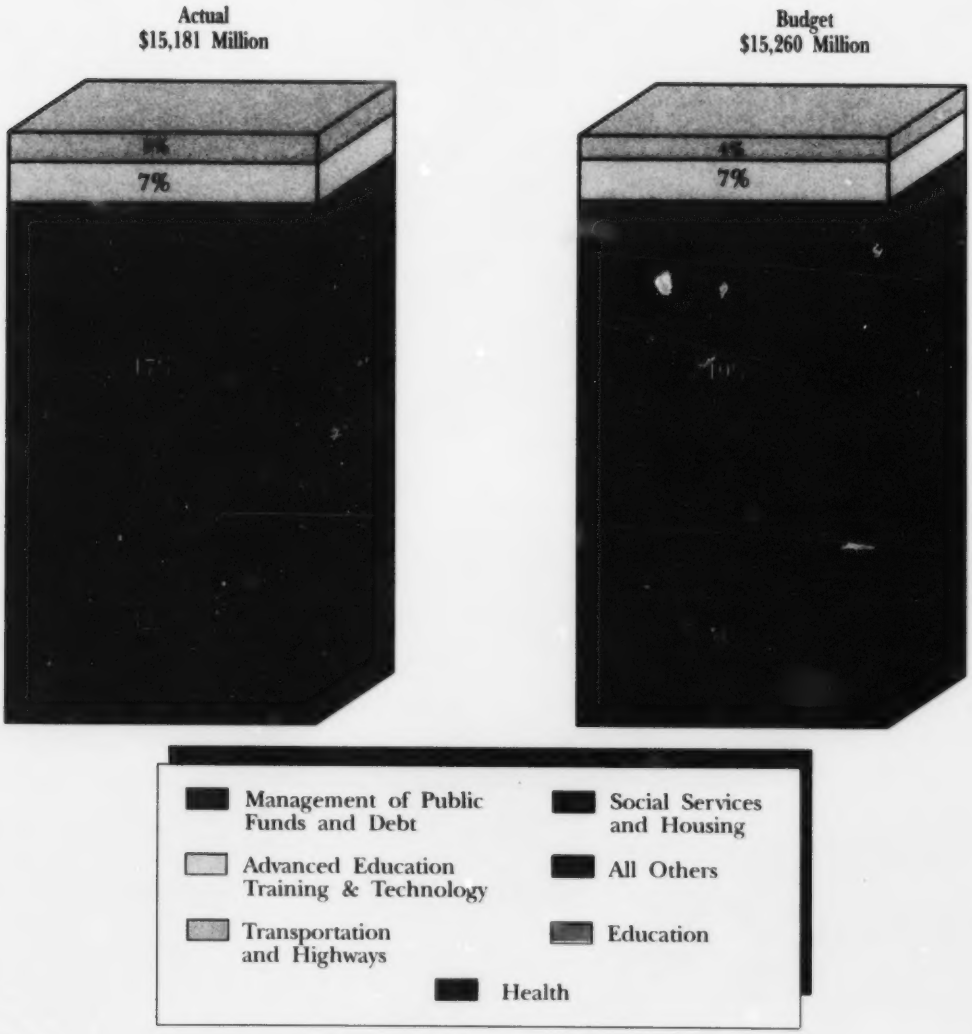
Due to the complexity of government it is necessary to report total expenditure in four different ways. They are:

- Spending by appropriation (how it was voted by the Legislature).
- Spending by function (purpose for which money was spent).
- Spending by major category of goods and/or services acquired.
- List of expenditure recipient.

Each method reflects a different view of the expenses of government, the first three representing different summarizations of the individual expenses and the fourth a more detailed listing. Additional comments on the summarization methods and results are provided on the following pages.

EXPENDITURE

Spending by Appropriation

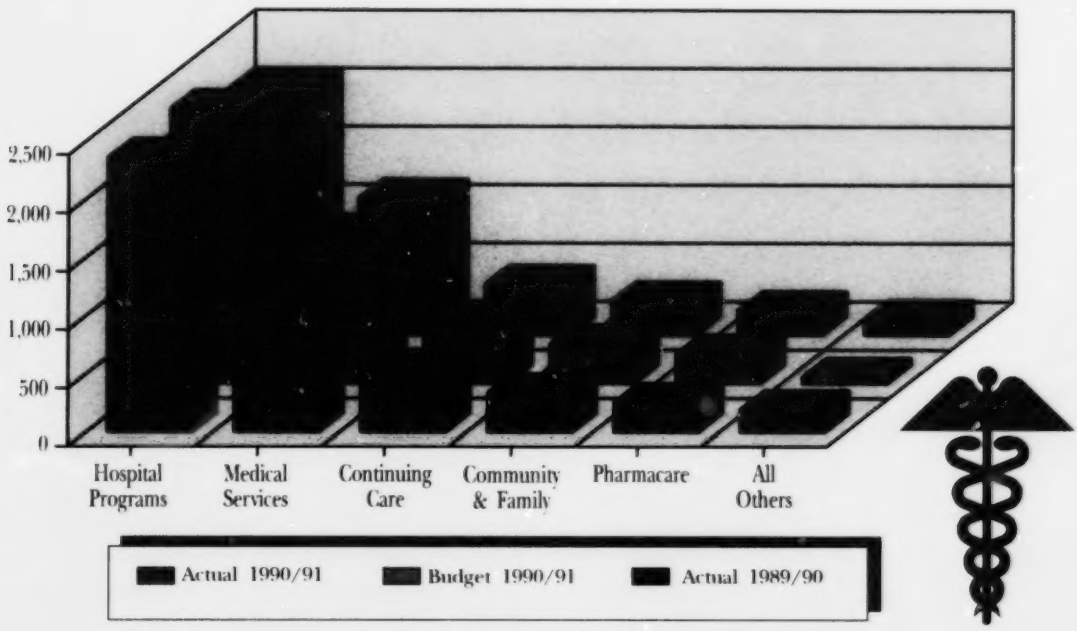


The expenditure by appropriation statements are intended to compare actual spending to the originally budgeted and appropriated (voted) expenses. As the budget is presented to the Legislative Assembly for approval summarized by ministry, the statement reporting on the actual result is summarized the same way.

As can be seen, during 1990/91, public debt interest and five of the 26 government ministries and special offices accounted for 83 per cent of General Fund expenditure.

EXPENDITURE

Health
(In Millions)



Ministry of Health expenditure of $4,928 million was $125 million over the budget estimate and up $556 million from the previous year.

As the chart indicates, hospital programs, with a total spending of $2.3 billion, is the largest program within the Ministry of Health. Operating contributions to hospitals represented 93 per cent of that program's costs and increased by 11 per cent over fiscal 1989/90. This supported 11,365 beds and 1,217 bassinets in the province's 97 acute care hospitals, 428 beds in four rehabilitation care hospitals, 7,765 beds in 91 extended care hospitals and units, and 16 diagnostic and treatment centres.

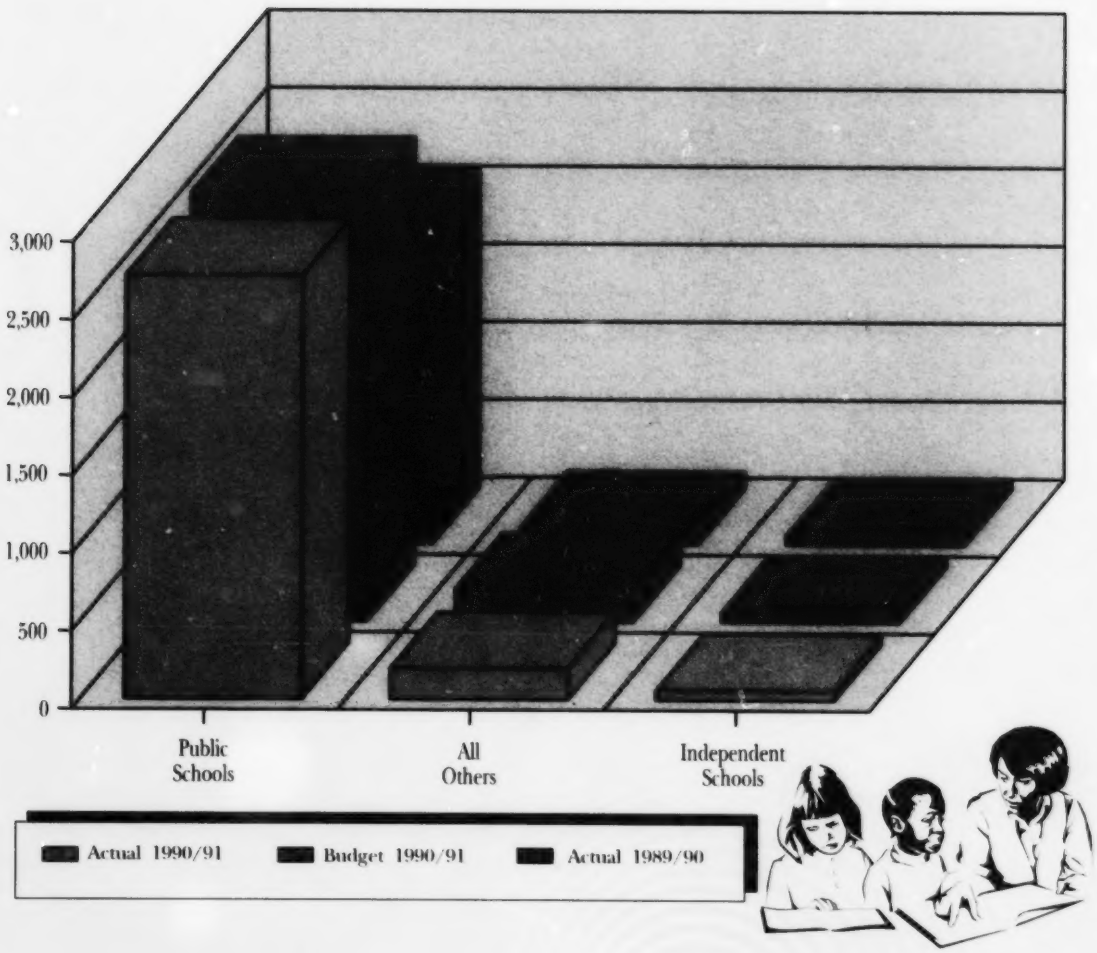
During the 1990/91 fiscal year 437,000 acute/rehabilitation patients were admitted to the province's hospitals, with an average stay of 7.2 days. Acute care and rehabilitation patients and long–term care patients in acute care facilities received a total of 3.3 million days of care, while extended care patients received 2.7 million days of care. Out patient services included 206,000 day–surgery visits, 1.6 million emergency and short–stay surgery visits, 48,000 kidney dialysis visits, 140,000 psychiatric visits and 666,000 physiotherapy visits. Hospital program costs also include assistance for various types of capital expenditures by the hospitals.

Medical Service Plan payments increased 12 percent to $1.3 billion for fiscal 1990/91. The majority was paid to physicians and surgeons except for $77 million paid for chiropractic, optometric, physiotherapy and other services to supplementary care practitioners. The administration of the Plan cost an additional $31 million.

Continuing Care, Pharmacare and Community, Family Health Care and Emergency Health Services are the other major programs of the Ministry of Health.

EXPENDITURE

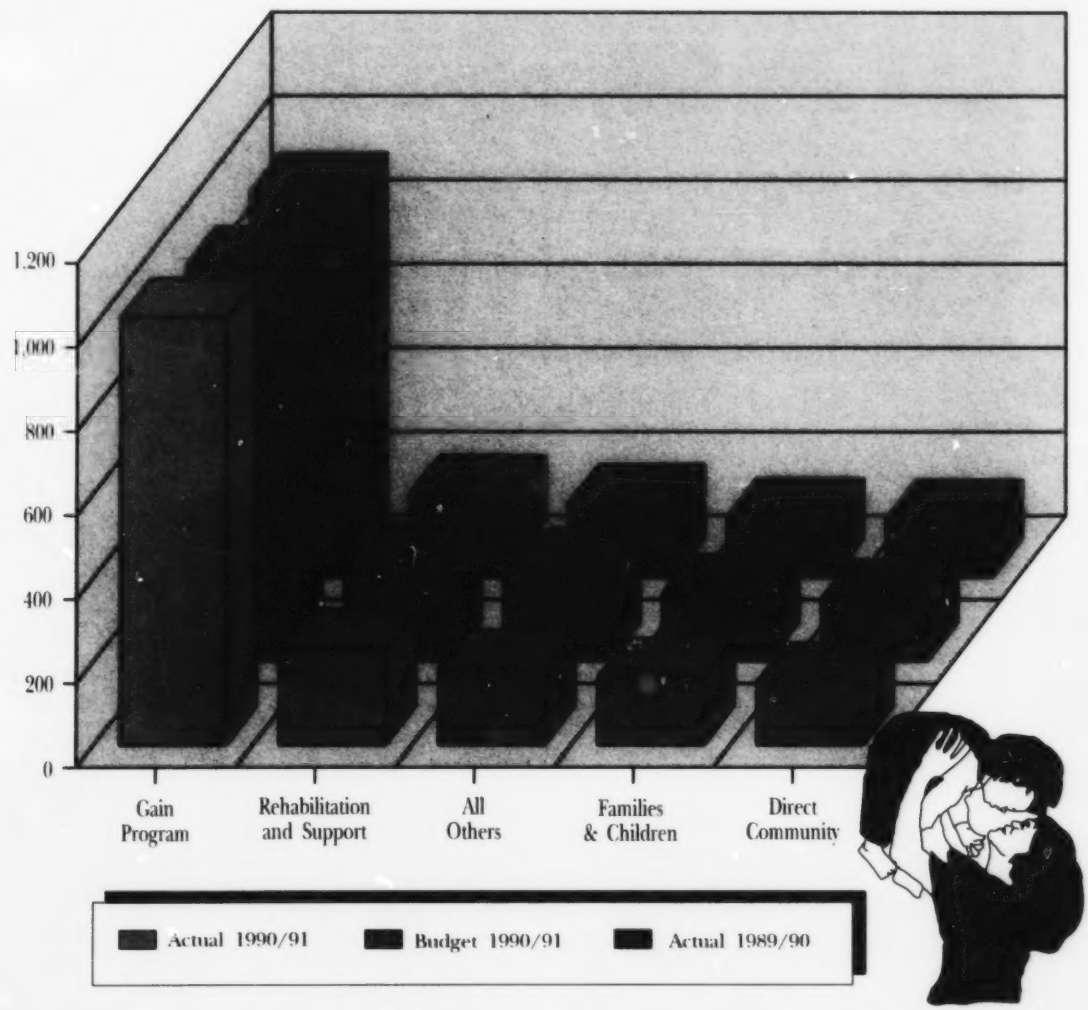
Education (In Millions)



Ministry of Education expenditure of $2,981 million was $41 million under the budget estimate and up $761 million from the previous year. The increase from last year was primarily due to a $666 million increase in public school education costs. This increase resulted, in part, from amounts now paid by the province previously funded directly from residential property taxes collected by municipalities on behalf of school districts. In fiscal 1988/89 the amount was $400 million. There was also an increase in student enrolment within the public school system and an increase in cost per student. There are now approximately 520,000 students enrolled within the public school system being funded by the province at a cost of $5,259 per pupil.

EXPENDITURE

Social Services and Housing (In Millions)

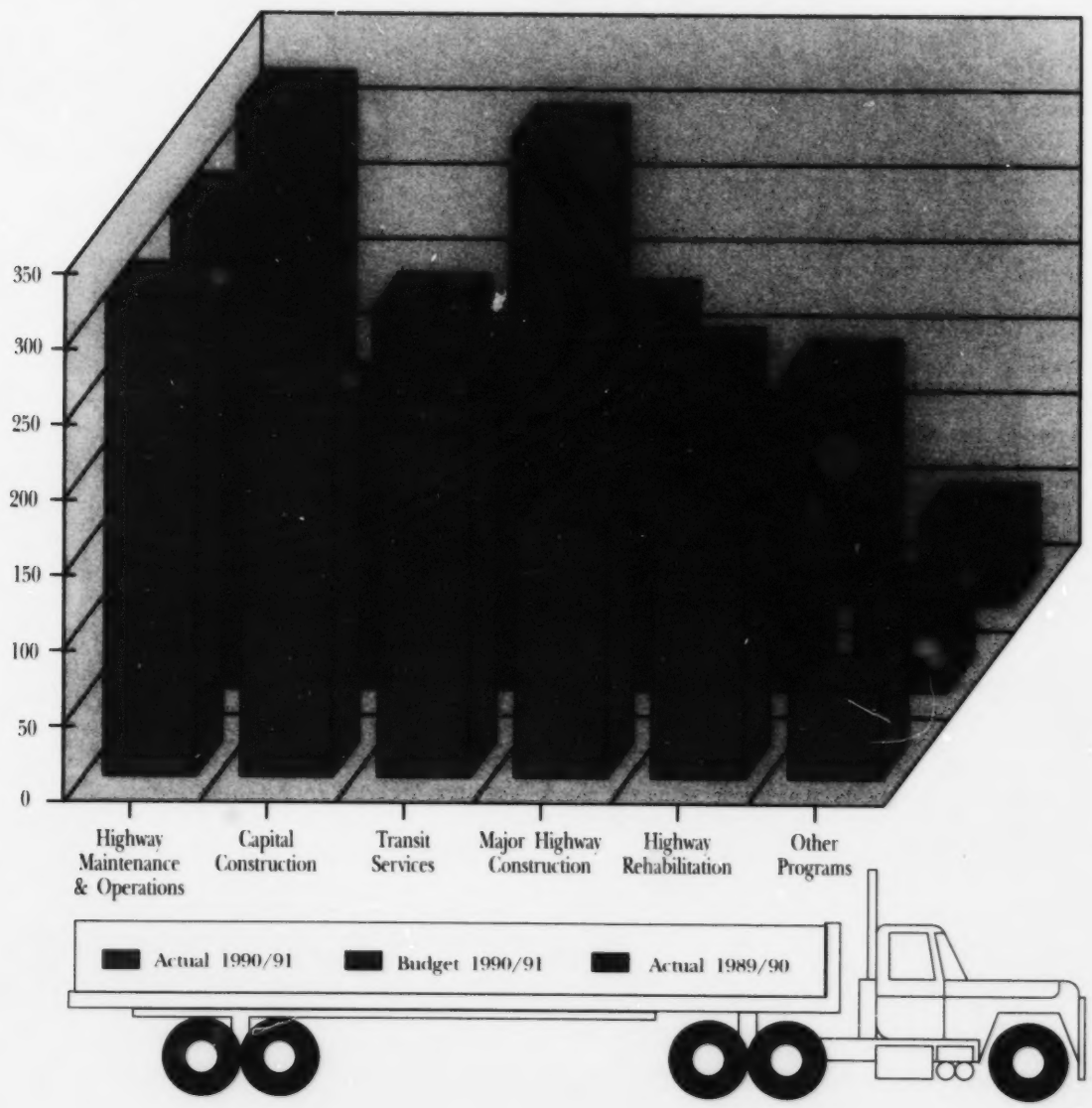


Expenditure by the Ministry of Social Services and Housing during 1990/91 was $1,740 million, $30 million above the original budget estimate and $168 million above 1989/90 expenditure. The budget variance was due in part to greater–than–expected Guaranteed Available Income for Need (GAIN) program expenditures. At March 31, 1991, assistance was provided to 144,526 individuals and 99,440 dependents.

Major expenditure increases from the previous year for the Ministry were for Direct Community Services programs (up $11 million), Services for Families and Children (up $18 million), Rehabilitation and Support (up $34 million), GAIN programs (up $101 million), and contributions to the British Columbia Housing Management Commission (up $8 million).

EXPENDITURE

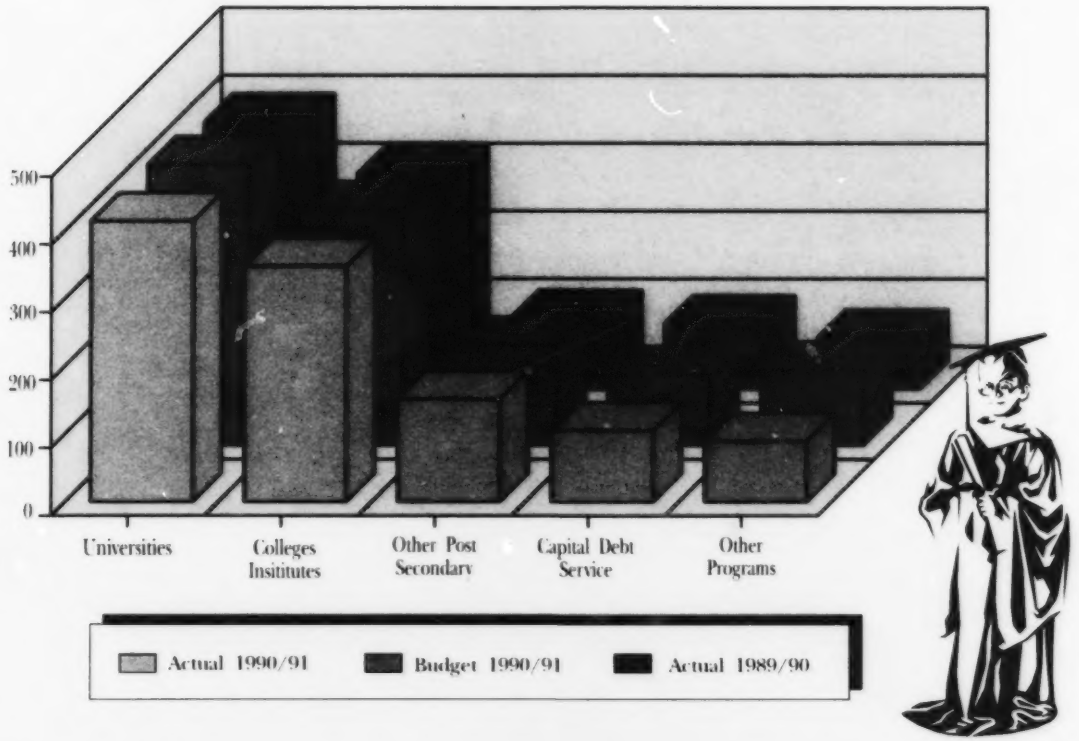
Transportation and Highways (In Millions)



Ministry of Transportation and Highways expenditure of $1,183 million decreased $15 million from 1989/90 and was $34 million below budget estimate. Minor highway capital construction was up $58 million while contributions to transit services were down by $78 million.

EXPENDITURE

Advanced Education, Training & Technology (In Millions)



Ministry of Advanced Education, Training and Technology expenditure of $1,106 million was under the budget estimate $16 million and up $120 million from the previous year. Spending for Advanced Education programs totalled $1,018 million during fiscal 1990/91 or 92 per cent of the ministry's total expenditure. This included: university operating contributions and a matching program of $394 million and $20 million respectively; operating contributions to colleges and institutes of $347 million; $105 million for capital debt servicing; and, $151 million for various other related programs such as distance education, access programs and student financial assistance.

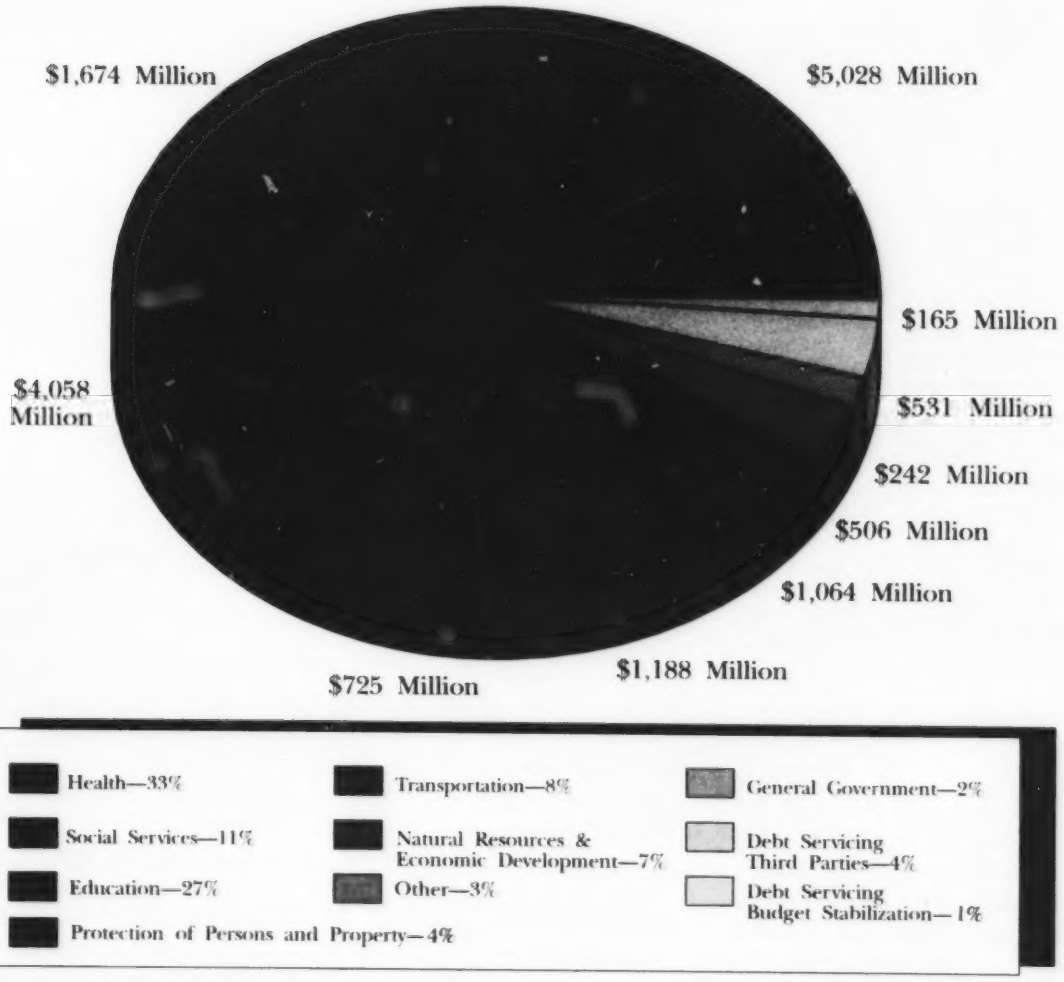
The remaining eight percent of the ministry's expenditure ($88 million) is divided amongst administration costs of the ministry programs and science and technology programs on a roughly even basis.

Remaining Ministries

Appendix 3 provides details of appropriation spending compared to budget and 1989/90 amounts. Section E of in the "Financial Statements and Schedules of the Funds Comprising the Consolidated Revenue Fund" Volume of the Public Accounts provides more details on each ministry's spending by program related to available appropriations.

EXPENDITURE

Expenditure by Function



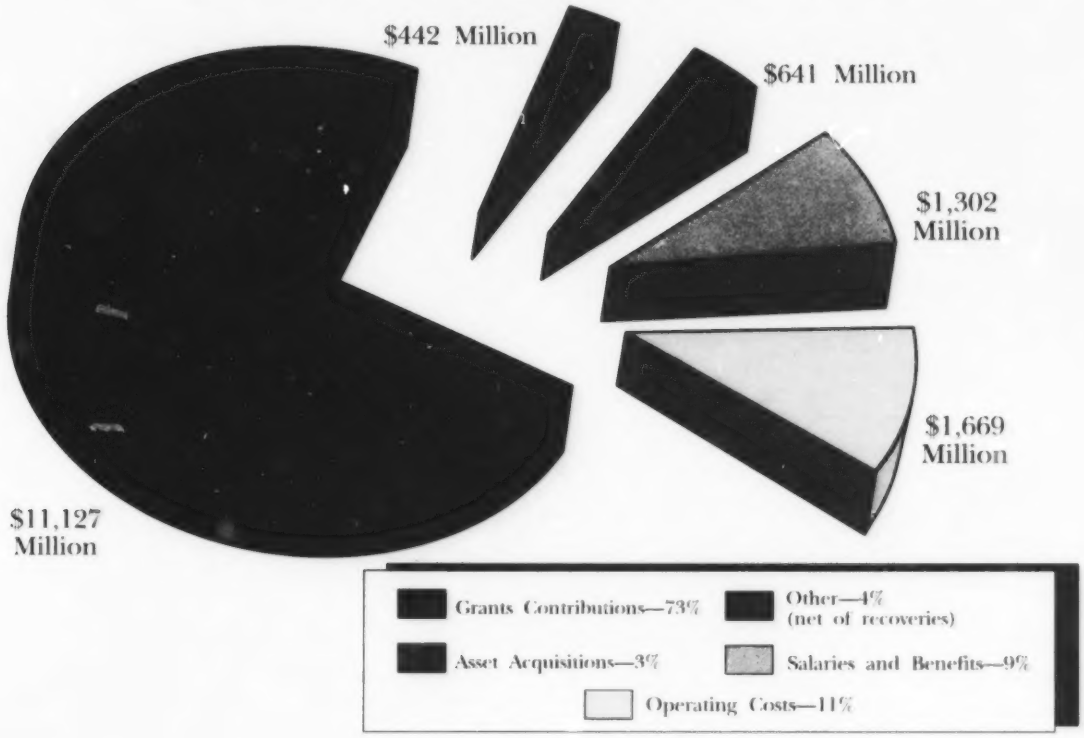
Expenditure by Function

Expenditure by function is cost by the type of program and service provided. Several ministries may be responsible for different aspects of a single function. The functional category of an expenditure is determined by the objective of the program and how it relates to categories established by Statistics Canada for reporting government programs.

The accompanying chart shows the government's 1990/91 fiscal year of spending of $15,181 million by major functional category. Expenditures on health, education and social services functions accounted for two–thirds of total provincial government expenditure.

EXPENDITURE

Expenditure by Category of Goods and Services



Expenditure by Category of Goods and Services

The government spends money on a wide variety of goods and services to deliver government programs. The chart below breaks total government spending of $15,181 into major categories of goods and/or services acquired.

As can be seen, grants and contributions make up 73 percent of government spending. These payments are made to hospitals, schools, universities and colleges, local governments, societies, agencies and individuals.

Operating costs then make up another 11 percent of government spending and include costs for such things as data processing, office rent, telephone, publications and advertising, travel and contracted services.

Salaries and benefits are the total payroll costs paid or payable to employees of the government and to elected officials.

Asset acquisitions include items obtained on long-term leases but does not include assets constructed by government personnel. For example, construction costs for a section of a highway or bridge built by government employees are included in salary and operating cost expenditures.

GOVERNMENT DEBT

The total debt outstanding of the province includes debt for government operating purposes, as well as funds borrowed by the province and reloaned to government corporations and other public bodies.

Under the Fiscal Agency program, the provincial government uses its ability to borrow at lower rates of interest to lower the cost of services to taxpayers by borrowing money on behalf of public bodies.

Government Debt as at March 31, 1991

	(In Millions) $
Public debt, used for government operating purposes	4,726
Public debt, used for the Fiscal Agency Loan Program	6,233
Guaranteed debt	6,227
Total debt outstanding	17,186
Less self–sustainable debt of public bodies	(7,866)
Total government funded debt	9,320
Total government funded debt per capita (to the nearest dollar)	**2,901**

Public Debt, Used for Government Operating and Investment Purposes

The provincial government borrows money to finance programs as well as to make investments or loans that will encourage the development and diversification of the province's economy.

By the end of fiscal 1991, the General Fund debt level for operating and investment purposes was $4,726 million ($1,471 per person), an increase of $517 million ($161 per person) from the previous year. This compares favourably with government purpose debt of other Canadian provinces.

Public Debt, Used for the Fiscal Agency Loan Program

Under the Fiscal Agency Loan program, the provincial government borrows funds on behalf of its clients and takes advantage of its favourable credit rating and larger issue denominations to borrow at lower rates of interest, which lowers the cost of financing to taxpayers.

Guaranteed Debt

Guaranteed debt relates to financial instruments which have been issued by government corporations and are unconditionally guaranteed by the province. Most of this debt was incurred by government corporations prior to the introduction of the Fiscal Agency Loan Program in 1983. It also includes financial instruments issued by municipalities, improvement districts and local government entities, as well as loan guarantees extended by the province.

GOVERNMENT DEBT

Self-sustainable Debt

Total government debt excludes any self-sustainable debt (fiscal agency or guaranteed debt) of government bodies. This debt consists primarily of commercial Crown corporations, including British Columbia Hydro and Power Authority and British Columbia Railway Company, who generate revenue from the sale of services at commercial rates and pay their own operating expenses, including debt servicing.

APPENDICES

1990-91

Public Accounts Digest

Province of British Columbia

APPENDIX 1

The Supply Act

To obtain funds for provincial operations at the beginning of the fiscal year, the government requires approval of the Legislative Assembly.

Because the debate on the Estimates (*see* page 2) could take some time to complete, the government requires an advance for its ongoing programs. An Interim Supply Bill is tabled to provide this advance. These Interim Supply Bills provide funds for government expenditure for one, two, or as many months as required before approval of the full Estimates is received. A final Supply Act is passed once all Votes have been approved by the Legislative Assembly.

Statutory Appropriations

In addition to the year–to–year approval provided by the *Supply Act(s)*, continuing spending authority is provided in other legislation to cover special programs such as fire suppression and flood relief. Programs with permanent spending power are said to have statutory authority.

Special Warrants

A final way in which spending authority is granted under legislation is by way of a Special Warrant. Under provision of the *Financial Administration Act*, such spending approval can be given by the Lieutenant Governor only if the Legislative Assembly is not in session and if the money is deemed, by the Lieutenant Governor in Council, as urgently and immediately required for the public good. Appropriations made by Special Warrant are subsequently reported to, and reviewed by, the Legislative Assembly in the next Supply Bill.

Public Accounts

The Public Accounts are the government's financial statements and are prepared by the Office of the Comptroller General (OCG). The OCG is similar to the comptroller's section in a large corporation. In addition to being responsible for preparing the Public Accounts, the Comptroller General is responsible for accounting and financial systems throughout government. He must ensure there is proper collection, disposition and recording of public money and he must maintain the central accounts of government, issue directives and provide methods by which ministries and staff account for public money.

Auditor General's Report

In addition to expressing his opinion on the government's financial statements, the Auditor General publishes an annual report in which he comments on various matters that he considers require the attention of the Legislative Assembly. The Auditor General's annual report is generally tabled after the Public Accounts are issued.

APPENDIX 1—Continued

Public Accounts Committee

Once the Legislative Assembly receives the Public Accounts and the annual report of the Auditor General, the Select Standing Committee on Public Accounts assesses financial operations and administration of the government. This committee includes both government and opposition members of the Legislative Assembly and is traditionally chaired by a member of the Opposition. Many of the matters addressed by the committee directly relate to the Public Accounts.

APPENDIX 2

The government carries on its activities through a variety of appropriations, special funds, corporations and agencies.

General Fund

The General Fund is the operating account of government.

Special Funds

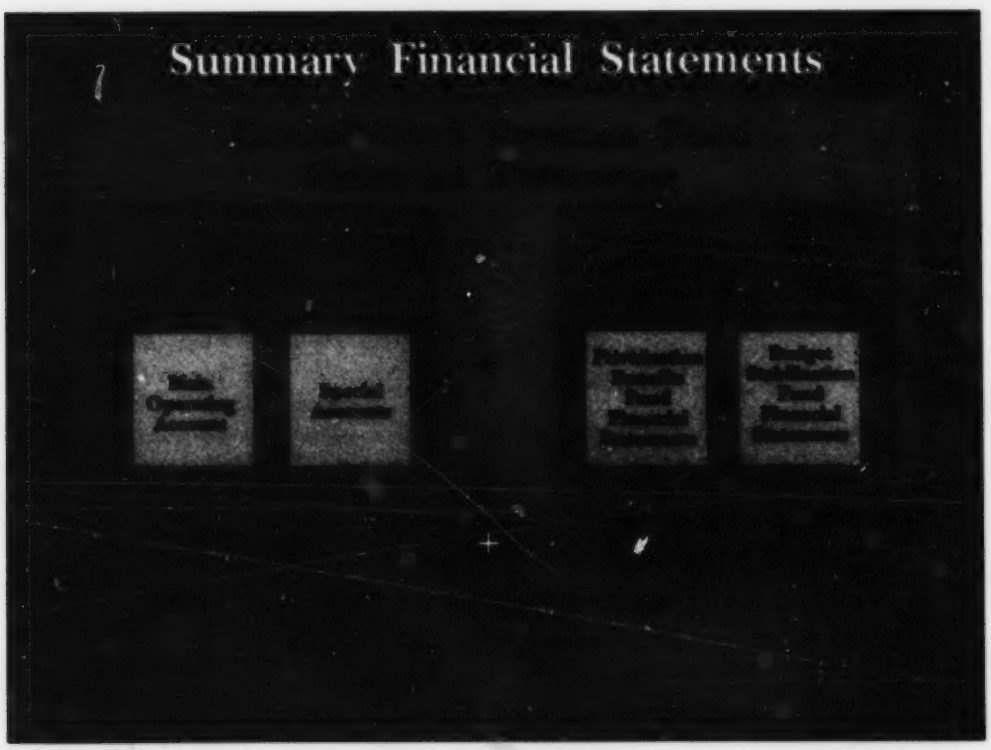
There were two Special Funds at March 31, 1991; the Budget Stabilization Fund and the Privatization Benefits Fund. These special funds were not part of the ongoing operations of the government.

Consolidated Revenue Fund

The Consolidated Revenue Fund consists of the General Fund and Special Funds. All expenditure and revenue through the consolidated revenue fund are reported in the government's Consolidated Revenue Fund Financial Statements.

Crown Corporations and Agencies

A number of government activities are carried out though Crown corporations and agencies. These activities range from self–sufficient, commercial business such as British Columbia Hydro and Power Authority to extensions of government programs carried out by organizations such as the Medical Services Commission.



APPENDIX 3

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NOTE: These unaudited financial statements are derived from the government's audited financial statements which may be found in 1990/91 Public Accounts.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The five financial statements are as follows:

GENERAL FUND FINANCIAL STATEMENTS—Accounts included in these statements are the main operating accounts of the government, and special accounts which have a statutory spending authority.

SPECIAL FUND FINANCIAL STATEMENTS—There are two special fund financial statements: the Privitization Benefits Fund and Budget Stabilization Fund which report on the operations of funds set aside by the Legislature for specific purposes.

CONSOLIDATED REVENUE FUND FINANCIAL STATEMENTS—Accounts included in these statements are those of the General Fund which include the main operating accounts of the government and Special Funds which include ear–marked revenue and funds set aside by the Legislative Assembly from the General fund for specific purposes.

SUMMARY FINANCIAL STATEMENTS—These statements include the accounts of the Consolidated Revenue Fund and the accounts of government enterprises and organizations which are accountable for the administration of their financial affairs and resources either to a minister of the government or directly to the Legislature, and are owned or controlled by the government.

In addition to the above, the Public Accounts contain the individual financial statements for all consolidated Crown corporations and agencies.

Basis of Accounting

The accrual basis of accounting (matching revenue and expenditure to the period in which it was earned or spent) is used in the preparation of these financial statements as explained below.

Revenue

All revenues are recorded on an accrual basis except where the accruals cannot be determined with a reasonable degree of certainty or where their estimation is impracticable. The exceptions, which normally relate to certain payments to the province under the Federal–Provincial Fiscal Arrangements and *Federal Post–Secondary Education and Health Contributions Act, 1977*, are recorded on a cash basis. Revenues from Crown corporations and agencies are recognized when cash transfers are received or when dividends are declared.

Expenditure

All expenditures, including the cost of fixed assets, are recorded for goods and services received during the year. Grants (which include forgivable loans) are recorded as expenditure when disbursement of the funds has been authorized. Contributions are recorded as expenditure at the earlier of:

(i) the date payment has been authorized; or

(ii) the date on which performance conditions are achieved by the recipient under provisions of a statute, contract or agreement.

Recoveries of expenditure may be recorded as a credit to the appropriate expenditure account when:

(i) they can be specifically identified with the expenditure transactions and payment has actually been made from an appropriation;

(ii) provision for them has been approved through the Estimates or by Treasury Board; and

(iii) the expenditure to which they relate was incurred in the same fiscal year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting—Continued

Assets

All assets are recorded to the extent that they represent cash and claims upon outside parties or items held for resale to outside parties as a result of events and transactions prior to the year–end. Rental payments for leases which transfer the benefits and risks incident to the ownership of certain assets, not including special purpose buildings, are reported as expenditures at the dates of inception of the leases.

Liabilities

All liabilities are recorded to the extent that they represent claims payable to outside parties as a result of events and transactions prior to the year–end, including probable losses on loan guarantees issued by the government.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at the exchange rate prevailing at the year–end and foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction unless hedged by forward contracts which specify the rate of exchange. Adjustments to revenue or expenditure transactions arising as a result of foreign currency translation are credited or charged to operations at the time the adjustments arise. Unrealized foreign currency gains and losses on long–term, fixed–term monetary assets and liabilities are reported as deferred charges and amortized over the remaining terms of the related items on a straight line basis.

Non–monetary assets and liabilities are translated at historical rates of exchange.

Valuation Allowances

Valuation allowances, such as provisions for doubtful accounts and provisions for reduction in value of investments, are included as expenditures on the statement of revenue and expenditure. Personal and Corporate income tax are recorded net of tax credits and adjustments which are based upon revised assessments of actual tax revenue of previous taxation years. Tax credits and adjustments are not considered valuation allowances.

Specific Policies

Cash and Temporary Investments

Cash balances are shown after deducting outstanding cheques issued prior to the year–end. Cheques issued subsequent to the year–end relating to the previous year are included in accounts payable.

Temporary investments include short–term investments recorded at the lower of cost or market value. Temporary investments consist mainly of units in the Province of British Columbia Pooled Investment Portfolios. Units are carried at the lower of cost of acquisition adjusted by income attributed to the units, or market value. Income attributed to the units represents the unitholders' share of interest earned by the portfolio and is realizable by unitholders upon the sale of units.

Accounts Receivable

All amounts receivable (including any trade receivables from government organizations and enterprises) at the year–end for work performed, goods supplied or services rendered are recorded as revenue or recoveries of the fiscal year. Valuation allowances are provided where collectibility is considered doubtful.

Inventories

Inventories comprise items held for resale and are recorded at the lower of cost or net realizable value. Inventories of supplies are charged to the respective programs when the cost is incurred.

Property under development, which will eventually be sold to outside parties, is recorded at the lower of cost or net realizable value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Specific Policies—Continued

Amounts Due from Other Governments

Amounts due from other governments include loans and advances outstanding at the year–end.

Investments In and Amounts Due from Crown Corporations and Agencies

Investments in and amounts due represent long–term investments and amounts due, other than trade receivables, and are recorded at cost unless significant prolonged impairment in value has occurred, in which case they are written down to recognize this loss in value. If, in periods subsequent to recognizing this impairment, the value of the investment is restored, the investment is written up to the lesser of restored value or original cost.

Loans, Advances and Other Investments

Loans, advances and other investments are recorded at cost less adjustment for any prolonged impairment in value.

Mortgages Receivable

Mortgages receivable are secured by real estate and are repayable over periods ranging up to thirty years. Valuation allowances are made where collectibility is considered doubtful.

Fiscal Agency Loan Program

Fiscal Agency Loan Program consist of loans made to government bodies, and cash and temporary investments set aside for the specific purpose of loaning to government bodies. Loans are recorded at maturity value less unamortized discounts and sinking fund balances. Discounts are amortized on an effective yield basis.

Other Assets

Other assets include prepaid program costs. Prepaid program costs represent expenditures made during the fiscal year for work to be performed, goods to be supplied, services to be rendered or contractual obligations to be fulfilled by outside parties in a subsequent fiscal year. These costs also include inventories of operating materials held in the Purchasing Commission and Queen's Printer warehouses pending distributions in a subsequent fiscal year.

Also included in other assets are certain deferred charges.

Physical Assets

Disbursements for physical assets are recorded as expenditures in the year the assets are received. Consistent with the reporting of fixed assets as expenditures, highways, bridges, wharves, ferries and ferry landings, buildings, office equipment, furniture, automobiles and Crown land comprised of parks, forests and all other publicly held land in the province, not including property under development, are recorded at a nominal value of $1.

Accounts Payable and Accrued Liabilities

All amounts payable (including trade payables to government organizations and enterprises) for work performed, goods supplied, services known to have been rendered or for charges incurred in accordance with the terms of a contract are recorded as part of the expenditure of the fiscal year.

Amounts Due to Other Governments

Amounts due to other governments represent liabilities incurred due to advances and loans from other governments.

Due to Crown Corporations, Agencies and Funds

Amounts due to Crown corporations, agencies and funds represent liabilities incurred, other than trade payables, which are payable in the following year.

Deferred Revenue

Deferred revenue represents amounts received or receivable prior to the year–end relating to revenue that will be earned in subsequent fiscal years.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Specific Policies—Continued

Public Debt

Public debt represents direct debt obligations for the purposes of the Government of British Columbia and the Fiscal Agency Loan Program. These obligations are recorded at principal less unamortized discounts and sinking fund balances where applicable. Discounts are amortized on an effective yield basis.

Guaranteed Debt

Guaranteed debt represents that debt of municipalities and other local governments, private enterprises and individuals, and debt and minority interests of provincial Crown corporations, which has been explicitly guaranteed or indemnified by the government, under the authority of a statute, as to net principal or redemption provisions. Valuation allowances are made where probable losses can be reasonably estimated.

A valuation allowance provision is established representing the probable losses on loan guarantees issued by the government. The amount of the provision is determined by the loss experience of the guarantee program and is sufficient to meet the expected payout of the guarantee to the lender. The provision is recorded as an expense in the year the guarantee is issued and is adjusted as necessary to ensure it equals the expected payout of the guarantee.

Commitments

Commitments represent future obligations of the government for capital contracts and extraordinary program commitments, to the extent of contracts and agreements in place at the year–end.

General Fund Balance Sheet as at March 31, 1991

	In Millions 1991	1990
Assets	$	$
Cash and temporary investments	125	400
Accounts receivable	1,162	957
Inventories	47	55
Amounts due from other governments	64	70
Investments in and amounts due from Crown corporations and agencies	619	662
Loans, advances and other investments	405	355
Mortgages receivable	144	135
Fiscal Agency Loan Program	6,229	4,914
Other assets	37	25
	8,832	**7,573**
Liabilities and Net Equity (Deficiency)		
Liabilities:		
Accounts payable and accrued liabilities	931	930
Amounts due to other governments	197	140
Due to Crown corporations, agencies and funds	1,068	1,797
Deferred revenue	266	269
Public debt, used for government operating purposes	4,726	4,209
Public debt, used for Fiscal Agency Loan Program	6,233	4,917
	13,421	12,262
Net equity (deficiency)	(4,589)	(4,689)
	8,832	**7,573**

General Fund Statement of Revenue and Expenditure for the Fiscal Year Ended March 31, 1991

	In Millions 1991	1990
Revenue	$	$
Taxation	8,956	7,969
Natural resources	1,171	1,249
Fees and licences	1,315	1,291
Investment earnings	110	168
Miscellaneous	213	141
Privatization transactions	22	85
Transfer from Budget Stabilization Fund	926	500
Contributions from government organizations and enterprises	629	532
Contributions from the federal government	1,961	2,101
Gross revenue	15,303	14,036
Less:		
Transfer to Budget Stabilization Fund		(448)
Transfers to Privatization Benefits Fund	(22)	(85)
Net revenue	**15,281**	**13,503**
Expenditure		
Health	5,028	4,502
Social services	1,674	1,504
Education	4,058	3,181
Protection of persons and property	725	613
Transportation	1,188	1,199
Natural resources and economic development	1,064	1,007
Other	506	455
General government	242	235
Debt servicing—third parties	531	510
Debt servicing—Budget Stabilization Fund	165	161
Total operating expenditure	**15,181**	**13,367**
Net Operating Revenue for the Year	**100**	**136**

General Fund Statement of Cash Flow from Operating and Investment Activities for the Fiscal Year Ended March 31, 1991

	In Millions 1991	1990
Cash Flow Generated	$	$
Total operating revenue	15,281	13,503
Less non–cash items	(934)	(91)
Total operating cash resources	14,347	13,412
Cash items applicable to future operations	5	31
Mortgage repayments		285
Divestment of Crown corporations	39	
Total Cash Flow Generated	**14,391**	**13,728**
Cash Flow Deployed		
Total operating expenditure	15,181	13,367
Less non–cash items	(177)	(251)
Total operating cash requirements	15,004	13,116
Investment in Crown corporations		50
Loans, advances and other investments	59	105
Mortgages issued	20	
Other assets	31	
Total Cash Flow Deployed	**15,114**	**13,271**
Net Cash Flow Generated (Deployed)	**(723)**	**457**

General Fund Financing Activities for the Fiscal Year Ended March 31, 1991

Net cash generated from operating and investment activities	(723)	457
Decrease in cash and temporary investments	275	278
Debt Retirement (Increase) for the Year	**(448)**	**735**

General Fund Revenue by Source for the Fiscal Year Ended March 31, 1991

	In Millions 1991		1990
	Estimated $	Actual $	Actual $
Taxation Revenue			
Personal income	3,695	4,140	3,452
Corporation income	705	608	666
Social service	2,216	2,010	1,990
Fuel	590	555	502
Tobacco	344	347	308
Property purchase	339	211	317
Other	1,061	1,085	734
	8,950	**8,956**	**7,969**
Natural Resource Revenue			
Petroleum and natural gas	236	280	227
Minerals	83	45	73
Forests	716	609	699
Water resources	220	222	236
Wildlife	16	15	14
	1,271	**1,171**	**1,249**
Other			
Fees and licences	1,384	1,315	1,291
Investment earnings	83	110	168
Miscellaneous	119	213	141
	1,586	**1,638**	**1,600**
Privatization transactions		**22**	**85**
Transfer from Budget Stabilization Fund	**684**	**926**	**500**

General Fund Revenue by Source for the Fiscal Year Ended March 31, 1991—Continued

	In Millions 1991		1990
Contributions from Government Organizations and Enterprises	Estimated $	Actual $	Actual $
British Columbia Liquor Distribution Branch	447	447	420
Other	193	182	112
	640	**629**	**532**
Contributions from the Federal Government			
Established Programs Financing	1,225	1,110	1,240
Canada Assistance Plan	716	716	687
Other	188	135	174
	2,129	**1,961**	**2,101**
Gross Revenue	**15,260**	**15,303**	**14,036**
Transfer to Budget Stabilization Fund			(448)
Transfer to Privatization Benefits Fund		(22)	(85)
Net Revenue	**15,260**	**15,281**	**13,503**

General Fund Operating Expenditure by Ministry for the Fiscal Year Ended March 31, 1991

	In Millions 1991		1990
	Estimated $	Actual $	Actual $
Special Offices			
Legislation	19	20	18
Auditor General	6	6	6
Ombudsman	3	3	3
Office of the Premier and Executive Council Operations	4	4	3
Ministry			
Advanced Education, Training and Technology	1,122	1,106	986
Agriculture and Fisheries	92	84	99
Attorney General	262	268	249
Crown Lands	40	44	67
Education	3,022	2,981	2,220
Energy, Mines and Petroleum Resources	66	43	33
Environment	117	106	115
Finance and Corporate Relations	98	106	101
Forests	373	416	538
Government Management Services and Minister Responsible for Women's Programs	37	23	22
Health	4,803	4,928	4,372
International Business and Immigration	33	31	31
Labour and Consumer Services	82	78	76
Municipal Affairs, Recreation and Culture	417	362	329
Native Affairs	5	5	8
Parks	37	36	34
Provincial Secretary	23	28	30
Regional and Economic Development	81	76	76
Social Services and Housing	1,710	1,740	1,572
Solicitor General	377	407	334
Tourism	25	24	23
Transportation and Highways	1,217	1,183	1,198

General Fund Operating Expenditure by Ministry for the Fiscal Year Ended March 31, 1991—Continued

Other Appropriations	In Millions 1991 Estimated $	1991 Actual $	1990 Actual $
Management of Public Funds and Debt	646	700	674
Contingencies (All Ministries) and New Programs	65	49	36
Employee Leave Liability		18	4
Lottery Fund Special Account	150	106	110
South Moresby Implementation—Forestry Compensation Special Account	35	1	
Sustainable Environment Fund Special Account	293	199	
Total General Fund Expenditure	**15,260**	**15,181**	**13,367**

Summary Financial Statements Balance Sheet as at March 31, 1991

	In Millions 1991	1990
Assets	$	$
Cash and temporary investments	219	442
Accounts receivable	1,276	1,066
Inventories	47	55
Amounts due from other governments	64	70
Equity in government enterprises	2,377	2,280
Loans, advances and other investments	887	800
Mortgages receivable	147	138
Fiscal Agency Loan Program	7,396	6,287
Other assets	28	11
	12,441	**11,149**
Liabilities and Net Equity (Deficiency)		
Liabilities:		
Accounts payable and accrued liabilities	1,311	1,225
Amounts due to other governments	197	140
Due to Crown corporations, agencies and trust funds	53	54
Deferred revenue	269	273
Public debt, used for government operating purposes	5,318	4,803
Public debt, used for Fiscal Agency Loan Program	7,399	6,257
	14,547	12,752
Net equity (deficiency)	(2,106)	(1,603)
	12,441	**11,149**

Summary Financial Statements
Statement of Revenue and Expenditure
for the Fiscal Year Ended March 31, 1991

	In Millions 1991	1990
Revenue	$	$
Taxation	8,956	7,969
Natural resources	1,171	1,249
Fees and licences	1,315	1,288
Investment earnings	140	168
Miscellaneous	792	783
Contributions from government enterprises	601	530
Contributions from the federal government	1,961	2,101
Recoveries	870	690
Total revenue	**15,806**	**14,778**
Expenditure		
Health	5,047	4,502
Social services	1,630	1,465
Education	4,108	3,237
Protection of persons and property	631	549
Transportation	1,169	1,179
Natural resources and economic development	1,001	946
Other	494	533
General government	683	645
Debt servicing	1,660	1,415
Total operating expenditure	**16,423**	**14,471**
Net Operating Revenue (Expenditure) for the Year	**(617)**	**307**
Non–Operating Transactions		
Increase in unremitted equity of government enterprises	114	97
Consolidated Net Revenue (Expenditure) for the Year	**(503)**	**404**

PRIVATIZATION BENEFITS FUND FINANCIAL STATEMENTS

Privatization Benefits Fund Balance Sheet as at March 31, 1991

	In Millions 1991	1990
Assets	$	$
Investments portfolio[1]	507	443
	507	**443**
Liabilities and Net Equity		
Liabilities:		
Accounts payable	6	6
Due to General Fund	4	5
	10	11
Net equity	497	432
	507	**443**

[1] Investments are accounted for at market value within this Special Fund's financial statements.

Privatization Benefits Fund Statement of Revenue and Expenditure for the Fiscal Year Ended March 31, 1991

	In Millions 1991	1990
Revenue	$	$
Income from investments	30	40
Whistler Land Company earnings		9
Duke Point Development (loss)	1	(3)
Net proceeds from privatization transactions	22	85
Total revenue	**53**	**131**
Expenditure		
Payment to General Fund		12
Management fees	1	
Total expenditure	**1**	**12**
Net Revenue for the Year	**52**	**119**

BUDGET STABILIZATION FUND FINANCIAL STATEMENTS

Budget Stabilization Fund Balance Sheet as at March 31, 1991

	In Millions 1991	1990
Assets	$	$
Due from the General Fund	838	1,600
	838	**1,600**
Net equity	**838**	**1,600**

Budget Stabilization Fund Statement of Revenue and Expenditure for the Fiscal Year Ended March 31, 1991

	In Millions 1991	1990
Revenue	$	$
Interest revenue	164	161
Transfer from General Fund		448
Total revenue	**164**	**609**
Expenditure		
Payment to General Fund	926	500
Net Revenue (Expenditure) for the Year	**(762)**	**109**